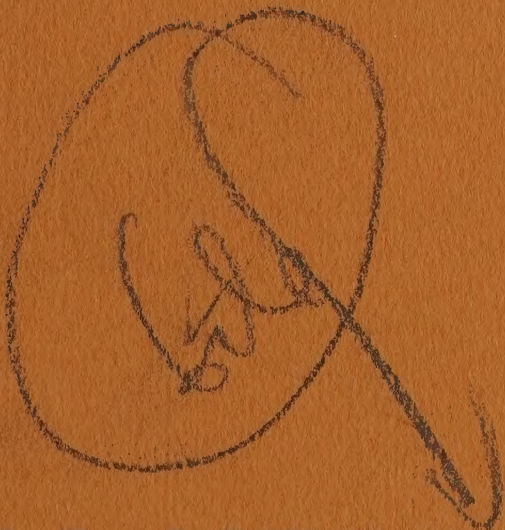


AR23

**ANNUAL
REPORT
1967**



THE L. M^cBRINE CO. LIMITED



THE L. McBRINE CO. LIMITED

HEAD OFFICE AND FACTORY

35-59 Water Street South, Kitchener, Ontario

OFFICERS

E. J. SHOEMAKER, President

N. T. BERRY, Q.C., Vice-President

W. E. BISH, Secretary and Treasurer

DIRECTORS

F. G. BERLET / N. T. BERRY, Q.C. / W. E. BISH

A. GINGRICH / E. J. SHOEMAKER

BRANCHES

VANCOUVER, British Columbia

EDMONTON, Alberta

WINNIPEG, Manitoba

TORONTO, Ontario

MONTREAL, Quebec

REGISTRAR AND TRANSFER AGENT

CANADA PERMANENT TRUST COMPANY

1901 Yonge Street

Toronto 7, Ontario



To the Shareholders of
THE L. McBRINE CO. LIMITED:

The year 1967 was one of disappointment for many companies. Profits were adversely affected by inflationary pressures which continued their unrelenting march. Higher prices were paid not only for materials and labour, but additionally for most kinds of services, both public and private.

The operating results of our company also were affected by this trend. For the first time since 1933 the company has shown a loss which after adding back an estimated recovery of taxes on income for the preceding year amounted to \$134,156 as compared with a net income of \$23,186 for 1966. The following audited statements of income and retained earnings, source and application of funds and balance sheet present a detailed picture of the operations.

Obviously we deeply regret this result for the year. Our last annual report announced that a new development in luggage was about ready for the market. In the early stages of production, some suppliers found it impossible to deliver the necessary quantity and quality of components that our traditional high standard demanded. It took determined and costly re-arrangement of resources plus continued testing in plant and on-the-road to meet specifications for a product that has been acclaimed across Canada as novel, attractive, and well built to serve the travelling public in this modern age.

This addition to our range of proven colour-fashion luggage is now being delivered to retailers throughout Canada and is expected to improve our sales and profit picture substantially. We believe the shareholders will be interested in a new descriptive folder which we enclose with this report.

Other new products are being introduced this year which will find a ready and waiting market according to advance survey reaction.

In this continued endeavour to build a good and popular product, we have had the deep interest and effort of many line and staff members of our organization. To all employees we extend our sincere thanks and appreciation.

On behalf of the Board,

President.

Kitchener, Ontario
April 15, 1968



THE L. McBRINE CO. LIMITED
INCORPORATED UNDER THE LAWS OF ONTARIO

BALANCE SHEET

(With comparative figures for 1966)

ASSETS	1967	1966
Current Assets		
Accounts receivable	\$ 362,421	\$ 433,137
Income and refundable taxes recoverable	10,804	8,295
Inventory of finished goods and work in process at estimated prime cost, which is not in excess of net realizable value, and raw materials at the lower of cost and replacement cost	704,712	643,557
Prepaid expenses	10,140	11,907
	<u>1,088,077</u>	<u>1,096,896</u>
Other Assets		
Special refundable tax		920
Life insurance, cash surrender value	94,360	88,303
	<u>94,360</u>	<u>89,223</u>
Fixed Assets, at cost		
Land	13,500	13,500
Buildings	222,658	216,866
Machinery and equipment	488,919	423,594
	<u>725,077</u>	<u>653,960</u>
Less accumulated depreciation	503,302	463,105
	<u>221,775</u>	<u>190,855</u>
	<u>\$ 1,404,212</u>	<u>\$ 1,376,974</u>

Approved on behalf of the Board / E

AUDITORS' REPORT

To the Shareholders of The L. McBrine Company, Limited

We have examined the balance sheet of The L. McBrine Company, Limited as at December 31, 1967 and as at December 31, 1966. Our examination included a general review of the accounting procedures and such tests of accounting records as we considered necessary.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1967 and 1966, and the results of its operations for the years ended, in accordance with generally accepted accounting principles applied on a basis consistent with the accounting policies of the company.

Kitchener, Ontario, February 2, 1968.

THE L. McBRINE CO. LIMITED
INCORPORATED UNDER THE LAWS OF ONTARIO



CEMBER 31, 1967

at December 31, 1966)

LIABILITIES	1967	1966
Current Liabilities		
Bank advances	\$ 703,683	\$ 473,768
Accounts payable and accrued liabilities	84,786	123,307
Dividend payable	10,000	10,000
	<u>798,469</u>	<u>607,075</u>
SHAREHOLDERS' EQUITY		
Capital Stock		
Authorized and issued		
20,000 cumulative participating preference shares of no par value, dividend \$1.00 per annum	240,000	240,000
10,000 common shares of no par value		
Retained Earnings	365,743	529,899
	<u>605,743</u>	<u>769,899</u>
Note		
Holders of preference and common shares are entitled to participate equally, share for share, in any distribution of assets to shareholders, save only that the holders of preference shares are entitled to receive a priority in respect of all preferential dividends accrued or accruing, due and unpaid, whether declared or not.		
	<u>\$ 1,404,212</u>	<u>\$ 1,376,974</u>

emaker, Director / W. E. Bish, Director

statements of income and retained earnings and source and application of funds for the year then ended.
s and other supporting evidence as we considered necessary in the circumstances.

r 31, 1967 and the results of its operations and the source and application of its funds for the year then
the preceding year.

Thorne, Gunn, Helliwell & Christenson, Chartered Accountants.

STATEMENT OF INCOME AND RETAINED EARNINGS

Year ended December 31, 1967

(With comparative figures for 1966)

	1967	1966
Income (loss) for the year before undernoted items	\$ (12,045)	\$ 139,530
Profit on disposal of fixed assets	820	1,950
	(11,225)	141,480
Deduct		
Depreciation	48,203	27,424
Aggregate direct remuneration of directors and senior officers (as defined by The Corporations Act)	81,612	83,670
	129,815	111,094
Income (loss) before income taxes	(141,040)	30,386
Income taxes		7,200
Income taxes recoverable by application of above loss against the previous year's income	6,884	
Net income (loss) for the year	(134,156)	23,186
Adjustment of prior years' income taxes		24,466
Retained earnings at beginning of year	529,899	512,247
	395,743	559,899
Deduct dividends on		
Preference shares	20,000	20,000
Common shares	10,000	10,000
	30,000	30,000
Retained earnings at end of year	<u>\$ 365,743</u>	<u>\$ 529,899</u>

Note

Sales for the year ended December 31, 1967 were 13.7% less than the average of the five preceding years and 13.6% less than sales for the year ended December 31, 1966.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended December 31, 1967
(with comparative figures for 1966)

SOURCE OF FUNDS	1967	1966
Operations		
Net income for the year		\$ 23,186
Depreciation, which does not involve a current outlay of funds		27,424
Profit on disposal of fixed assets reflected in net income for the year		(1,950)
		<u>48,660</u>
Adjustment of prior years' income taxes		24,466
Proceeds from disposal of fixed assets	\$ 3,350	4,025
Special refundable tax	920	
	<u>4,270</u>	<u>77,151</u>
APPLICATION OF FUNDS		
Operations		
Loss for the year	134,156	
Depreciation, which does not involve a current outlay of funds	(48,203)	
Profit on disposal of fixed assets reflected in net loss for the year	820	
	<u>86,773</u>	
Additions to fixed assets	81,653	81,286
Dividends on		
Preference shares	20,000	20,000
Common shares	10,000	10,000
Increase in life insurance, cash surrender value	6,057	5,860
Special refundable tax		920
	<u>204,483</u>	<u>118,066</u>
Decrease in working capital	200,213	40,915
Working capital at beginning of year	489,821	530,736
Working capital at end of year	<u>\$ 289,608</u>	<u>\$ 489,821</u>



McBRINE

Built with skill, understanding and a touch of magic, by Canadian masters